Addendum to the Direct Subsidized Loan/Direct Unsubsidized Loan Master Promissory Note William D. Ford Federal Direct Loan Program

The Consolidated Appropriations Act, 2012 (Public Law 112-74), signed into law on December 23, 2011, changed one of the terms of Federal Direct Stafford/Ford Loans (Direct Subsidized Loans). Specifically, the new law temporarily eliminated the interest subsidy provided on Direct Subsidized Loans during the six month grace period provided to students when they are no longer enrolled on at least a half-time basis. This change is effective for new Direct Subsidized Loans for which the first disbursement is made on or after July 1, 2012, and before July 1, 2014.

As a result of this law, the terms of Direct Subsidized Loans that you receive under a Direct Subsidized Loan/Direct Unsubsidized Loan Master Promissory Note (MPN) may differ from the terms described in the MPN and the Borrower's Rights and Responsibilities Statement. This Addendum modifies the MPN to reflect the change to the terms of Direct Subsidized Loans made by Public Law 112-74. The changes made by this Addendum are incorporated into and made part of the MPN and the Borrower's Rights and Responsibilities Statement. You should keep a copy of this Addendum with your MPN and Borrower's Rights and Responsibilities Statement.

1. MPN, Section E: MPN Terms and Conditions, Interest. The first sentence of the second paragraph under the heading "Interest" is revised to read as follows:

"Except as provided in the Note below, interest does not accrue on a Direct Subsidized Loan during an in-school, grace, or deferment period, and during certain periods of repayment under the Income-Based Repayment Plan."

The following Note is added immediately after the paragraph that begins "If I do not pay the interest...":

"Note: Interest accrues during the grace period on any Direct Subsidized Loan for which the first disbursement is made on or after July 1, 2012, and before July 1, 2014."

2. MPN, Section E, Grace Period. The last sentence of the paragraph under the heading "Grace Period" is revised to read as follows:

"However, interest will accrue during the grace period on all of my Direct Unsubsidized Loans, and on my Direct Subsidized Loans for which the first disbursement is made on or after July 1, 2012, and before July 1, 2014. Interest that accrues during the grace period on these loans will be capitalized if I do not repay it."

3. Borrower's Rights and Responsibilities Statement, Item 9, Payment of Interest. The first sentence of the first paragraph is revised to read as follows:

"Except as provided in the Note below, interest does not accrue on a Direct Subsidized Loan while you are enrolled in school at least half time, during your grace period, during deferment periods, and during certain periods of repayment under the Income-Based Repayment Plan."

The following Note is added at the end of Item 9:

"Note: Interest accrues during the grace period on any Direct Subsidized Loan for which the first disbursement is made on or after July 1, 2012, and before July 1, 2014."